

**DATE:** June 25, 2024 **PPL 24-002**

**TO:** All Local Educational Consortia (LEC) and Local Educational Agency (LEA) Coordinators for the School-Based Medi-Cal Administrative Activities (SMAA) Program

**SUBJECT:** Using the Charter School Unaudited Actuals Financial Report—Alternative Form

**PURPOSE:** The purpose of this Policy and Procedure letter (PPL) is to provide guidance to charter schools on the use of the Alternative Form instead of the Standardized Account Code Structure (SACS) format, by developing and using an Equivalency Matrix to complete SMAA invoices.

**REFERENCE:** [SMAA Manual](#)

**BACKGROUND:**

The SMAA Manual seeks to achieve consistency in expense reporting on the Detail Invoice tab of the SMAA invoice template through use of California's standardized account code structure (SACS). [Section 10-10](#) of the SMAA Manual states that:

Identifying total costs for a billing period will require the claiming unit to use and rely on its financial information system and the uniformity of the State's standardized account code structure (SACS) or Budget and Accounting Manual (BAM). The SACS and BAM coding structures will allow the claiming unit's costs to be separated into each of the four cost pools utilizing the four-digit SACS Function code as follows:

- Salary and Benefit costs are separated by Participant Pool 1 (Columns A, C, and E) and Participant Pool 2 (Columns B, D, and F).
- Participant Pool 1 and Participant Pool 2 costs must not be duplicated.

The California Department of Education (CDE) allows charter schools to choose between reporting their financial information using SACS coding or the Alternative Form. In various CDE materials, the Alternative Form is utilized and converted using an Equivalency Matrix (commonly referred to as a crosswalk) and is acceptable to CDE. Use of an Equivalency Matrix/crosswalk does not exempt a charter school from accurately reporting costs. The Alternative Form that is converted to SACS coding must include actual amounts for reported expenses and not amounts that are based on estimates or encumbrances.

The Department of Health Care Services (DHCS) is charged with performing appropriate oversight and monitoring of school-based programs to ensure compliance

with state and federal guidelines and to ensure the program is implemented consistently across the State ([SMAA Manual 6-31](#)). As part of this oversight, DHCS monitors and reviews various components of the SMAA Program, such as documentation compliance and financial reporting including review of claim allowability and a reasonable review of reported costs. The Alternative Form documentation submitted by charter schools will be included as part of the oversight by DHCS.

## **POLICY:**

For charter schools participating in SMAA that do not utilize SACS, the Alternative Form may be used. A "Certification of Alternative Form of Accounting/Equivalency Matrix for charter schools for State Fiscal Year (SFY)" (Attachment A) must be submitted prior to submitting invoices to DHCS for reimbursement. To demonstrate the accuracy of the code conversion, the charter school must maintain the Equivalency Matrix/crosswalk details in their Audit File/Operational Plan showing how the Alternative Form is parallel and equivalent to the SACS format, which may be subject to review and audit by DHCS.

Beginning with the submission of SFY 2023-24 Q1 invoices, charter schools that do not use SACS must submit a signed Attachment A to their respective LEC. The LEC is then required to submit it to DHCS. This will be required at the beginning of each SFY. This form acknowledges that a crosswalk is utilized, and the charter school accepts responsibility for its accuracy.

Attachment A accompanies this PPL.

If you have any questions or require further assistance regarding this PPL, please contact the SMAA mailbox at [SMAA@dhcs.ca.gov](mailto:SMAA@dhcs.ca.gov).

Sincerely,

## **ORIGINAL SIGNED BY BRIAN FITZGERALD**

Brian Fitzgerald, Chief  
Local Governmental Financing Division  
Department of Health Care Services

Attachment A: Certification of Alternative Form of Accounting/Equivalency Matrix for Charter Schools for State Fiscal Year (SFY)

